

INITIAL RECOMMENDATION SUMMARY FORM

Workgroup Homeownership

STRATEGIC ISSUE:

1. Foreclosure and Default Counseling and Education: Is the available default avoidance and foreclosure prevention counseling/education sufficient to address needs?

INITIAL RECOMMENDATION(S):

1. MSHDA Single Family (SF) to expand foreclosure prevention curriculum by year ending 2006.
2. MSHDA to evaluate the feasibility of reinstating foreclosure prevention funding for MSHDA loans only. One time maximum payout of \$5,000 due on sale, transfer or refinance of the property.
3. MSHDA SF to provide DMI (mortgage servicing agent) on a periodic basis a list of MSHDA approved counseling agencies that provide default counseling so that referrals can be made from DMI to counseling network when mortgagors are delinquent. (Release of information may need to be obtained at loan closing.)

STRATEGIC ISSUE:

2. Students are unaware of the impact of negative credit.

INITIAL RECOMMENDATION(S):

1. Work with the Department of Education and OFIS to determine the feasibility of a statewide initiative for educating students in financial management.
2. Pilot program with a full curriculum for financial management for high school students by September 2006.
3. MSHDA SF staff and network agencies make presentations at schools regarding importance of credit and financial management.
4. MSHDA SF to research additional funding opportunities to support outreach and education for student financial management.

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STRATEGIC ISSUE:

3. Pre-purchase Counseling and Education: Ensure MSHDA sponsored counseling and education programs are meeting the needs of home buyers.

INITIAL RECOMMENDATION(S):

1. MSHDA staff and/or technical assistance provider will review and approve all Network Counseling Agencies curricula to ensure it meets standard requirements set by program guidelines, or will ensure agencies are using MSHDA curriculum material.
2. MSHDA staff and/or technical assistance provider will conduct on site audits to ensure counseling and education meets minimum standards.
3. MSHDA staff to attend counseling sessions provided by the Network to confirm approved curriculum is shared with families.
4. MSHDA to develop an assessment to be given to families enrolled in counseling services. Deadline: FY06/07
5. At completion of each counseling service category, MSHDA to mandate that each household complete an assessment covering what was learned in the sessions. Deadline FY 06/07
6. MSHDA SF to allocate a specific dollar amount billable for Housing Counseling services. MSHDA to require counseling agencies competitively bid for funding based on a grant application process. Deadline: FY 06/07
7. MSHDA SF staff to create a grant application to be submitted on an annual basis by Network agencies. Deadline: FY 06/07
8. MSHDA SF needs to seek additional funding partners to leverage resources (Michigan Bankers, Michigan Realtors, etc.).

STRATEGIC ISSUE:

4. Too many sub prime and predatory loans and refinances exist in today's market.

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INITIAL RECOMMENDATION(S):

1. MSHDA SF, Executive and PR staff lobby to address changes needed in order to combat predatory lending.
2. MSHDA SF to expand predatory lending curriculum. Deadline FY: 06/07
3. MSHDA SF to submit grant application to HUD via the SuperNOFA for predatory lending funds. Federal FY 06/07
4. Explore implementing government mandate requiring education for all sub-prime and predatory loans.
5. MSHDA SF to develop sub prime loan products that have more reasonable fees and rates than those currently available in the market.

STRATEGIC ISSUE:

5. Home Maintenance Education and Home Inspection Service: Is the LINKS home inspection service and home maintenance education being utilized in sufficient quantity?

INITIAL RECOMMENDATION(S):

1. MSHDA to evaluate mandating home inspections prior to loan closing. MSHDA continue to pay for the home inspections. Deadline: FY 06/07
2. MSHDA SF to update home maintenance curriculum by year ending 2006.
3. MSHDA SF to strongly encourage low income homeowners financed by MSHDA to attend the home maintenance education prior to the end of the first year of homeownership. Deadline: year ending 2006

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STRATEGIC ISSUE:
6. How can barriers to home ownership be addressed and ultimately have more MSHDA loans approved?
INITIAL RECOMMENDATION(S):
<ol style="list-style-type: none">1. MSHDA SF to evaluate implications of relaxing underwriting guidelines as they relate to medical collections and FICO scores.2. MSHDA SF to evaluate implications of special underwriting concessions to be made for families who have attended LINKS provided financial management classes.3. MSHDA SF to evaluate implications of increasing DPA to \$10,000. (Either forgiven after 5 years or forgiven after the term of the first lien.)4. MSHDA SF along with Marketing staff measure the assessments taken by families at end of counseling sessions and address any insufficiencies with counseling agencies.5. MSHDA SF to evaluate implications of matching counseling agencies marketing costs. Up to 50% reimbursement not to exceed \$5,000 from MSHDA available annually to LINKS approved agencies.6. MSHDA SF staff needs to hit the pavement running to market services in underserved counties. Secure new agencies in counties with no coverage, market services, etc.

STRATEGIC ISSUE:
7. Establish a Multicultural Emerging Markets Advisory Board to continue dialogue, acknowledge that MSHDA cannot penetrate minority populations alone.
INITIAL RECOMMENDATION(S):
<ol style="list-style-type: none">1. Serve as a communication forum to identify key issues and obstacles to homeownership faced by minority populations.

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2. Establish plans, partnerships and generate ideas for addressing emerging market homeownership issues.
3. Exchange information about MSHDA programs.
4. Build relationships among members that provide valuable resources.
5. Gain awareness and better understanding of issues facing minorities seeking homeownership.
6. Provide insight on needed MSHDA pilot programs.
7. Identify and understand key obstacles to homeownership within emerging markets.

STRATEGIC ISSUE:

8. Expand and Target Outreach Efforts.

INITIAL RECOMMENDATION(S):

1. Develop and implement a well-funded, synergistic marketing and outreach campaign pertaining to homeownership opportunities for emerging markets.
2. Establish an outreach-counseling network of emerging market real estate professionals coupled with established community organizations (i.e. social service providers, leaders of faith-based institutions, etc.)
3. Develop and implement a post-purchase services network to assure that emerging markets homeowners have access to information and services pertaining to predatory lending and foreclosure prevention.

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STRATEGIC ISSUE:

9. Acknowledge Issues of Race and need to provide Trusted Intermediaries.

INITIAL RECOMMENDATION(S):

1. Expand and continue a dialogue regarding racial and ethnic housing gaps in Michigan.
2. Diversify the homeownership industry. Commitment to expand the number of trusted intermediaries by recruiting real estate professionals from racially and ethically diverse populations, to help assure knowledge and comfort with the home buying process within emerging market communities.

STRATEGIC ISSUE:

10. Increase Lender participation.

INITIAL RECOMMENDATION(S):

1. Sign up 40 new lenders—focus on community banks.
2. Increase production to \$200 million per year.
3. Hire Marketing Specialist or Account Executive to market MSHDA products and benefits to recruit new and existing lenders.
4. Establish direct lender referral system.
5. Reduce number of MSHDA forms.
6. Improve pricing to lenders in an effort to increase loan officer compensation. Meet with individual established lenders to determine what increase in compensation would increase originator compensation.

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7. Consider allowing lenders to service MSHDA loans.
8. Increase product offerings to include a product offering 100% financing for borrowers with credit scores below 680. Review 100% product offered in partnership with United Guarantee for possible revival.
9. Increase outreach to real estate community. Provide continuing education to increase realtor awareness of benefits of MSHDA to first time homebuyers. Focus on how MSHDA can help realtors better build their business by increasing options to first-time homebuyers through supporting MSHDA products. Give realtors access to participating MSHDA lenders. Have marketing staff give presentations to local real estate boards.
10. Increase availability of lender training at sites outside of Lansing to minimize lender travel. Also, consider offering Webcast training in conjunction with a conference line for lenders to increase lender participation in training.
11. Upgrade lender on line website with a system similar to that of Mass Housing. Provide better navigation with more obvious links to information.
12. Provide Construction/Permanent product to increase affordable options for low-moderate income buyers wishing to build new housing by offering a one note construction option.
13. Provide enhancements for acreage restrictions. Better communicate exception procedure. Allow exceptions without borrower contribution for additional acreage for properties in which the value is unaffected by lot sizes greater than 1-1/2 acres.
14. Increase DPA to \$7500.
15. Consider ITIN product for immigrants who do not yet have social security numbers.
16. Eliminate requirement for borrowers to pay off collections. Allow underwriter to use a case-by-case basis for requiring payoff.
17. Offer online "Quick Eligibility Check."

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STRATEGIC ISSUE:

11. Increase affordability for low-income borrower (50% AMI) and moderate income borrowers (80% AMI)

INITIAL RECOMMENDATION(S):

1. Increase Down Payment Assistance to allow for reduction of first mortgage to increase affordability of borrowers with dependent children. Better enable borrowers to purchase in “family friendly” communities.
2. Offer one note construction permanent option to increase affordability by reducing closing costs incurred in two note closings.
3. Create mortgage insurance company to provide mortgage insurance for all MSHDA products. Revenue generated will eventually provide forgivable down payment assistance to increase affordability among low income borrowers.
4. Provide options for borrower who may fall victim to “predatory” products with significantly higher rates and fees.
5. Pledge to pay for any recapture tax.
6. Offer Home Choice with MSHDA or as an option within Conventional MSHDA to allow for financing to borrowers with disabilities.
7. Evaluate 40 year terms and variable rate mortgages.

STRATEGIC ISSUE:

12. Address issues pertaining to the worst areas of economic segregation in Michigan.

INITIAL RECOMMENDATION(S):

1. Collaborate with a school of planning or public policy in MI to develop a measure of economic segregation that is cross-referenced to the homeownership rates.

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STRATEGIC ISSUE:
13. Provide homebuyer counselors with information pertaining to affordable lending products.
INITIAL RECOMMENDATION(S):
1. MSHDA's Links to Homeownership staff and members of the home buyer counseling network to create a list of prime lending products available to homebuyers.

STRATEGIC ISSUE:
14. Concentrate on areas throughout MI where there is a lack of affordable housing.
INITIAL RECOMMENDATION(S):
1. Engage CEDAM to poll their membership with a basic assessment tool ascertaining demand for/supply of affordable housing. Key indicators to be used: Section 8 waiting lists, median sales price, median income, rental vacancy rates.

STRATEGIC ISSUE:
15. Engage CEDAM to poll their membership with a basic assessment tool ascertaining demand for/supply of affordable housing. Key indicators to be used: Section 8 waiting lists, median sales price, median income, rental vacancy rates.
INITIAL RECOMMENDATION(S):
1. Create a Public Affairs Specialist at MSHDA for the purpose of continuing and increasing awareness of MSHDA and other lending products.
2. Pool funds from other lenders to collaboratively market affordable housing products.

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3. Attend home and job fairs to promote MSHDA and other affordable housing products.
4. Partner with Habitat for Humanity to provide them with information that may assist clients that they are unable to help.